

Message Text

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SUBJ: GERMAN STEEL INDUSTRY FROWNS ON WORLD STEEL CONFERENCE IDEA

1. SUMMARY. ADDRESSING THE GERMAN IRON AND STEEL ASSOCIATION, CHAIRMAN DR. DIETER SPETHMANN, SPOKE AGAINST RECENT SUGGESTIONS FOR A WORLD STEEL CONFERENCE, FOUND SOME FAVOR WITH THE US TRIGGER PRICE CONCEPT AND DAVIGNON MEASURES, AND CAUTIONED THAT ANY RESTRUCTURING OF THE EUROPEAN STEEL INDUSTRY SHOULD BE MADE LARGELY BY ENTREPRENEURS. END SUMMARY.

2. IN A JUNE 15 ADDRESS TO THE GERMAN IRON AND STEEL ASSOCIATION IN DUESSELDORF, DR. DIETER SPETHMANN, CHAIRMAN OF THE ASSOCIATION AND OF THE THYSEN STEEL GROUP CAME OUT AGAINST A WORLD STEEL CONFERENCE TO WORK OUT AN INTERNATIONAL STEEL TRADE POLICY. IN HIS STATEMENT, WHICH MARKED THE END OF HIS FOUR-YEAR TERM AS ASSOCIATION CHAIRMAN, SPETHMANN SAID THE GERMAN STEEL INDUSTRY, AS AN ADVOCATE OF FREE TRADE, HAD NO WISH TO
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ASSOCIATE ITSELF WITH ANY PROGRAM WHEREBY GOVERNMENT AUTHORITIES WOULD DIVIDE UP MARKETS.

3. SPETHMANN ALSO HINTED APPROVAL OF THE US TRIGGER PRICE SYSTEM AND THE DAVIGNON (EC) MEASURES ON STEEL IMPORTS AS SAFEGUARDS AGAINST UNFAIR EXPORT PRACTICES. HE BLAMED SUCH PRACTICES, AS WELL AS GOVERNMENT AIDS FOR FOREIGN

COMPETITORS AND THE HIGH COAL PRICES IN THE FRG (APART FROM CERTAIN NATURAL COMPETITIVE ADVANTAGES OF SOME FOREIGN COMPETITORS), FOR THE SEVERE MARKET LOSSES OF GERMAN STEEL MILLS DURING THE RECENT STEEL CRISIS.

4. SPETHMANN ALSO EXPRESSED AGREEMENT OF THE GERMAN STEEL INDUSTRY WITH THE RECOMMENDATIONS UNDER THE DAVIGONON PLAN FOR SELLING PRICES AND PRODUCTION TARGETS SINCE THE FINAL RESPONSIBILITY FOR THE ACTIONS REMAINS WITH THE INDIVIDUAL STEEL FIRM. HOWEVER, THE GERMAN INDUSTRY HAS NO SYMPATHY, HE SAID, FOR THE OBLIGATORY MINIMUM PRICES SET BY THE EC COMMISSION FOR SOME STEEL PRODUCTS.

5. WITH RESPECT TO CURRENT DISCUSSIONS ABOUT "A ORE COMPREHENSIVE STEEL PROGRAM" IN THE EC DESIGNED TO ADJUST PRODUCTION CAPACITIES TO THE LEVEL OF DEMAND AND TO IMPROVE THE COMPETITIVE STRENGTH OF EC STEEL MILLS, SPETHMANN CAUTIONED THAT THE RESTRUCTURING OF AN INDUSTRY SHOULD BE ACCOMPLISHED PRIMARILY BY ENTREPRENEURS AND THAT GOVERNMENT AID AND INTERVENTIONS TEND TO PRESERVE EXISTING STRUCTURES.DUX

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